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THE BANKING QUESTION IN CONGRESS

After two sessions of the Sixty-second Congress, and confronting a presidential election which involves a contest of unprecedented bitterness, the two chief political parties of the country find themselves forced to face with greater seriousness than heretofore the question of banking reform. The fact that reform in American banking legislation is needed has been recognized for many years past. That such reform can be had, few were willing to admit until very recently. Unexpected improvement in the outlook for ultimate legislation has led many to think too lightly of the obstacles in the way. They have neglected the fact that what is done must be done through Congress, and that the temper and composition of that body—its prejudices, precedents, and political necessities—must color and shape the action taken. How Congress views the question of banking legislation is an element in the problem of legislation which is too often neglected. It is too frequently assumed that, granted the force of an aroused public opinion demanding congressional action, the result will be enactments of the type desired. This overlooks the fact that public opinion can dictate neither the form nor the details of legislation, and can at best indicate the general drift of what it desires. The compromises that are resorted to in reconciling conflicting views, the concessions to various interests that are permitted in shaping the laws are largely within the determination of the legislative body itself, and are only remotely subject to the dictation of the

community. Experience in the past shows what Congress is likely to do under certain leadership, and thereby indicates the points at which special precaution is needed to protect the community against dishonesty, errors of judgment, or fatal compromises.

I

Probably the chief obstacle to real success in banking reform is found in the hostile predisposition of Congress. For many years, it has been the fashion to object to anything looking to sound legislation on that subject. Why this should be so is a question which can be answered only by a reference to the conditions which have permitted complex industrial and financial issues to be made the subject of partisan manipulation and misrepresentation. For years after the Civil War, such questions as the tariff, the currency, banking, bond issues, and the like, were vehicles for the expression of fanatical and partisan views, often carefully calculated for the purpose of imposing upon ignorant voters who were susceptible to appeals of the sort.

It would be difficult indeed to say which of the two old parties was the more guilty in this respect. Both sought to make use of popular prejudice for the attainment of their own ends and the Republicans must probably be blamed only for being more successful than their Democratic rivals in the infliction of their notions upon the country. From the period of the inflation bill, during the second Grant administration, down to the Sherman silver purchase act of 1890, the history of Republican legislation on the subject of money and banking has been a long record of disgrace and misrepresentation. The Democrats, starting creditably with the repeal of the Sherman act of 1893, swiftly fell under the control of the bitter and extreme members of the party and were obliged to yield to Bryanism and swear allegiance to the silver heresy, The imperfect gold standard act of 1900 is the only redeeming action on the part of the Republicans since the crucial campaign of 1896, and even that was passed with fear and trembling because of the widespread character of the demand for a free silver policy. The Republican party cannot complain that the demand for better banking legislation has never been cogently represented to it, for

the reverse is the case. For fifteen years the banks of the country have been demanding relief from the evils of the bond-secured currency system; and, since the panic of 1907, they have been urging the necessity of a better general organization of commercial credit. Yet only the abortive and useless Aldrich-Vreeland law of 1908 has come in reply to their requests, and even that was granted only under the greatest stress and urgency. There is little ground either to believe that the party leaders are well informed about banking, or to expect that they would be disposed to put their views into effect if they were. In session after session, the most urgent representations have been made to the Republican leaders. Bill after bill designed to relieve the existing conditions has made its appearance at the Capitol, only to be relentlessly rejected by the political triflers and jugglers who were in charge of events. Of the long series of measures proposed between 1900 and 1908, not one received the barest consideration, and not one was granted the courtesy of a debate on the floor. They could be brought before the House only by some *tour de force* which resulted in permission to speak, accompanied with "leave to print." In the Senate so strong was the power of the Republican machine, under the direction of Nelson W. Aldrich of Rhode Island, that nothing could be hoped for, and scarcely a member even thought it worth while to appear on the floor to discuss questions relating to banking.

II

A most serious hindrance to the passage through Congress of any real legislation with reference to banking or currency questions is the present lack of satisfactory organization for the discussion of the subject. Under the existing system in the two Houses, bills on these subjects are referred to the Banking and Currency Committee of the House of Representatives and the Finance Committee of the Senate. Whatever is done must theoretically pass through these bodies; and, with the control of Congress in its present hands, probably will do so. The character and make-up of the committees at the present moment and the conditions by which they are surrounded, are, therefore, the first phase of the

present situation that deserves careful study in the effort to form an accurate opinion of the outlook.

Although the presidential election of 1896 had been won distinctly upon the currency question as an issue, it was early determined by the leaders to avoid action on the question, so far as possible, for several years to come. In pursuance of this end, Speaker Reed united in the Banking and Currency Committee after 1896 as many incongruous elements as possible. Mr. Reed reasoned, and with accuracy, as the event showed, that the presence of these divergent elements on the committee would insure the inability of the committee to attain any unanimity of opinion and would necessitate a continuance of the divergence of view which had already become characteristic of the leaders of thought on banking and currency legislation. The Banking and Currency Committee fully warranted the expectations which had been entertained with reference to it, periodically submitting reports which either were supported by a bare majority of the membership, or were merely submitted by the chairman without the concurrence of his associates save in the most formal manner, if at all. This example was followed by succeeding speakers, both Mr. Henderson and Mr. Cannon pursuing the plan of maintaining the committee in an ineffective condition. Although, therefore, the Banking and Currency Committee, from 1897 to 1908, was one of the most active of the committees of the lower house of Congress, it never succeeded in getting the slightest attention for its reports or recommendations. Chairman Charles N. Fowler of New Jersey, an intelligent and well-informed man, devoted much of his time and attention to the forwarding of currency and banking reform bills and gave large sums of money to be spent in the preparation and distribution of literature, in traveling about for the purpose of making educational addresses on the subject, and in other similar modes of agitation. So long as his efforts did not appear likely to meet with success, he was permitted to retain his place at the head of the committee, but so soon as he had succeeded in organizing an effective body of public opinion to work against the type of legislative tyranny represented by Mr. Cannon, he was summarily removed and one of the Speaker's own familiars was put in his place.

Meantime, however, the Republican machine organization which controlled the lower chamber had acquired the habit of acting without reference to the Banking and Currency Committee whenever it thought best to pass some legislation relating to the currency and banking question. When, for reasons deemed sufficient by the leaders of the party, it was judged wise to adopt some gold standard legislation preparatory to the presidential campaign of 1900, the subject was rudely taken away from the Banking and Currency Committee of the House, and a little ring of leaders, meeting at Atlantic City, N.J., shaped what later became the so-called gold standard act of March 14, 1900. It would be absurd to say, as some have done, that this action was taken "at the behest of the bankers of the country." The bankers desired nothing more at the time than that the plans of the Banking and Currency Committee of the House should be carried out in some form, or that the plan which had been perfected by the Indianapolis Currency Commission should be taken up for consideration. They did not approve of the defective and incomplete provisions of the gold standard act of 1900, though they recognized that the act was better than nothing. The measure of 1900 was essentially political in its origin and purpose and contained vicious features which nearly offset the better qualities unquestionably possessed by certain of its sections. It had, in fact, all the marks of a bill hastily shaped in secret by a group of politicians none too well informed upon the topic they were treating and, though equipped with the raw material on which to work, ignorant of the proper methods by which to form the measure they were planning. The success of the machine method of suppressing banking legislation originating with the Banking and Currency Committee was, however, so satisfactory, and the gold standard act, despite the criticism accorded to it in scientific quarters, proved so effectual in meeting the meager demands of partisan politics, that it was resolved to do nothing further, and to keep the committee in its ineffective state as long as possible. This fine old policy was religiously adhered to until the panic of 1907, when the method of 1900 was again resorted to.

The situation at the opening of Congress in December, 1907,

was at once more favorable and more hopeless than had existed for a long time. There was an undoubted popular demand for action. The panic and the accompanying business and banking failures had concentrated attention on the currency question, so that what had been a matter of indifference was now the topic of foremost interest in the public mind. At the same time, members of Congress were pressing forward with banking plans. Many of these were of an unpractical character, representing in some cases the fads and hobbies of their authors, and in others the work of one-ideaed constituents who were insisting upon recognition for their favorite projects in Congress. Hardly had Congress opened when there was an avalanche of bills relating to banking. The Banking and Currency Committee of the House and the Finance Committee of the Senate found themselves overwhelmed with measures demanding consideration. So great was the multitude of these measures that probably only a very small percentage, if any, of them, ever received real study from the committees to which they were referred. The chairmen of the committees, however, at once began the task of developing their own plans, and out of this effort appeared the so-called Fowler bill in the House and the rival Aldrich bill in the Senate. Senator Aldrich had no trouble in securing the formal consent of the Finance Committee to the reporting of his bill. Representative Fowler found more difficulty in winning the members of the Banking and Currency Committee, but ultimately succeeded in getting a favorable report for his bill by a small majority. The Fowler bill, as thus placed before the House, called for an issue of bank notes to be made by national institutions on the so-called asset currency plan, while the Aldrich measure sought to meet the shortage of national bonds then existing by permitting the issue of notes secured by state, municipal, and private bonds deposited with the Treasury. The Aldrich plan was essentially a scheme for the continuation of the method of note-issue pursued for many years past; the Fowler measure called for the application of a new idea. Republican leaders had, however, decided against the Fowler plan, and in favor of that which had originated in the Senate. The matter was taken out of the hands of the Banking and Currency Committee, and at party

caucuses arrangements were made for perfecting a bill suited to the needs of the organization. Reports to these caucuses were rendered by a specially chosen committee, and these reports were finally crystallized into what subsequently became known as the Vreeland bill, later consolidated with the Aldrich measure into the Aldrich-Vreeland act.

In the Senate, the attitude adopted toward the question of banking and currency reform has been as unsatisfactory and indecisive as in the House. From 1897 to 1908, the Senate Finance Committee gradually became more powerful than ever before, and through it a little coterie of leaders almost completely dominated the Senate itself. A cardinal feature of the policy of this coterie was the refusal of any action on banking or currency. During the five years before 1907, nothing more clearly marked out a senator as an incompetent dreamer than the advocacy of a banking bill; nothing so promptly called forth the taunts and abuse of the Bourbons in the upper chamber as the suggestion that something was needed for the purpose of correcting a bad condition in the monetary system. Even the requests of the comptrollers of the currency and the secretaries of the Treasury for necessary legislation on points of detail were coldly pigeonholed or sharply refused. So utterly hopeless did the situation seem that it even became the fashion with some secretaries of the Treasury to out-Herod Herod in their allegiance to the situation as it was. Secretary Shaw boldly accepted the existing régime, proclaimed the virtue of the banking and Treasury situation established by existing law, and asked Congress for a fund of $100,000,000 with which to "play the market" as occasion might demand, depositing coin in the banks or drawing it out according as it was desired to make bank credit cheap or expensive. The final result of this indifference or acceptance of vicious conditions was the panic of 1907 which must ultimately be traced to the refusal of Messrs. Aldrich and Cannon to permit legislation, the indifference and contempt of President Roosevelt toward the whole issue as "not involving a moral principle," and the joyous exultation of Secretary Shaw in a dangerous situation which permitted him to play with the high explosives that an unwise currency and banking system had stored

within his reach. The coming-on of the panic concentrated the attention of the country on the need of legislation. We have seen how this need was met in the House. In the Senate, the call was answered by a bill at first designed to cure the stock-jobbing and overspeculation of the ante-panic period by opening the way to still wilder stock-jobbing and "boosting." This original Aldrich bill aimed practically at the direct coinage of miscellaneous bonds into terms of currency by permitting the owners (banks) to deposit such bonds with the Treasury, and to take out on them as security emergency notes which they were at liberty to use as they saw fit. It would have been possible, by continuing the rake's progress of overcapitalization, issue of bonds, underwriting of the securities, depositing the securities with the government, and getting out currency thereon, to open an unprecedented era of overtrading and corporate graft. This bill was promptly "railroaded" through the Senate Finance Committee, and was supported on the floor of the Senate by its author in a speech in which he represented the necessity of getting a market for bonds in general—a market which, he asserted, could be secured by the adoption of his bill. It was the essential rawness and the crudity of this impossible and unusual scheme which led the House to balk when thus requested to play into the hands of a clique of bond speculators, and to insist upon the amalgamation of the Vreeland bill with it, as well as upon the addition of provisions intended to take away the profit to be had by thus converting bond issues into currency.

III

An unexpected turn was, however, given to affairs by the provision of the Aldrich-Vreeland act which called for the appointment of a commission to be known as the National Monetary Commission and to consist entirely of members of the Senate and House. This commission was immediately organized and continued to do sporadic work until March, 1912, when it was dissolved by virtue of an act of Congress passed in the preceding August, just before the close of the special session of Congress summoned by President Taft for the discussion of the reciprocity

question. Persons employed by the National Monetary Commission prepared a large series of books on various historical and current phases of the banking question, but the only significant feature of its work is found in a bill drafted under the auspices of the commission and finally laid before Congress with a brief accompanying report giving the reasons for the measure. This measure was at once introduced into Congress by Senator Theodore E. Burton, himself a member of the commission, and was referred to the Senate Finance Committee. It is, therefore, before Congress in a complete and perfected form and requires only legislative action to become effective. The action taken in creating the National Monetary Commission, and in thus permitting it to prepare a bill for use as the basis of legislation, if not as the actual form of such legislation, is in line with the system which, as already seen, has been characteristic of Congress during the past fifteen years. The plan of having such a bill prepared and placed before Congress by some other than the regular committees intrusted with that duty is the lineal successor of the method by which the gold standard law of 1900 was prepared. But, strangely enough, just as the ground had been prepared for the adoption of some measure—a measure which, as things have turned out, would completely revolutionize the existing banking system—conditions in Congress suddenly changed. The control of the lower chamber slipped out of the hands of the old-line Republicans and into those of the Democrats, while in the Senate the development of the direct primary system and the general uprising against the methods of boss rule broke down the old personal machine which had been erected by Mr. Aldrich. When the Monetary Commission finally made ready to report, it found the political ground upon which it rested so completely cut away that no sure footing was left. The report of the commission fell dead upon a House wholly alienated from the personal control, and from the party which had been dominant when the commission was created; while in the Senate nearly as much hostility to its work was manifested. It was no longer true that masterful leaders in either house could force a bill of their own making upon the legislative

branch of the government, nor was it the case that the support of these leaders even afforded any genuine strength to the measure. If anything, such support was a source of weakness. This whole question of the legislation was thus made dependent upon its intrinsic merit and upon the capacity of the machinery provided in either House for considering and forwarding such a bill.

The outlines of the Monetary Commission measure have been so fully discussed within recent months as to require no attention. They are thoroughly well known to all who have the slightest interest in the general subject. That the bill itself is more carefully worked out, more fully elaborated, has been submitted to and approved by more different groups interested in banking reform than any similar bill heretofore offered for a long time past, there can be no question. That the bill is a startlingly new or especially ingenious proposal nobody would contend. Every idea contained in it will be found in bills introduced within the past few years and particularly in the bill establishing a federal reserve bank offered by Congressman Charles N. Fowler in 1908. The Monetary Commission bill is an old proposal modified in important detail, and better worked out than any plan of the kind heretofore presented, notwithstanding it possesses many dangerous and vicious features. We may, without fear of arousing too much difference of opinion, further concede that the essential notion embodied in the bill—that of the centralization of reserves, or of central banking as such—is a good one, sustained by experience, and, if properly applied and controlled, demanded by the logic of the conditions of modern business and exchange. But all this does not make the measure itself necessarily an available legislative proposal. Its goodness depends upon its adaptability to the conditions existing among those who are called upon to act with reference to it, and the extent to which it can be successfully applied to existing institutions. How far does this bill measure up to the requirements of the case when judged by these standards? How far does it represent a real progress from the standpoint of practical legislation? Why should not Congress take it as it stands, eliminate, perhaps, any details to which there may be well-founded objection, and pass it?

IV

One answer to these questions is furnished by the conditions which have been reviewed in the earlier portion of the present paper. The Democratic party, in reorganizing the House of Representatives, followed in the main the system of seniority which had been enforced during the Cannon régime. Such a system promoted to the headship of the committees those who happened to rank highest in seniority, independent of their knowledge of banking or interest in the subject. It would in any event have been likely to bar any who might have been specially capable to direct such work from the position of headship requisite to success. But as a matter of fact, it has not been necessary to face a situation where a wealth of expert ability was offered without power to make use of it. The Democratic House which came into office in the spring of 1911 contained an unusual number of absolutely new and inexperienced legislators. In many parts of the country the "landslide" which threw out the Republican House had not been expected. The men who were put forward by the Democrats were frequently younger men who were willing to lead a forlorn hope. So far as knowledge of banking is concerned, therefore, those who undertook to choose the Banking and Currency Committee along with the other committees, at the beginning of the special session of the Sixty-second Congress, would have found little in the way of expert capacity within their reach. Moreover, the committee-makers failed in many cases to choose for the new committee even the most capable men they might easily have chosen. There was a prevalent feeling at the beginning of the Sixty-second Congress that the committee was likely to remain dormant throughout the coming two years, and that nothing was less probable than immediate initiation of measures on its part. Under these conditions, the managers, perhaps, are not especially open to blame for placing upon the committee a body of men only two of whom had ever seen service in Congress and none of whom, with the exception of these two, had ever before participated in the shaping of legislation upon such a subject. With the system of committee appointments which prevails in Congress, the new appointees could not have successfully

protested against being thus placed even had they chosen to do so. The question of banking and currency legislation, however, is essentially technical. Men cannot originate measures relating to it without previous study or experience on the subject. It would be impossible and absurd to expect from a wholly untrained committee instant action fitted to remedy one of the most entangled and difficult economic conditions by which the country has for years been confronted. But this raises the present question: Why should not this committee, so composed, simply accept the legislation proposed by the National Monetary Commission, give it an indorsement, report it, place it before the House of Representatives, and demand its enactment? No one familiar with legislative conditions, whether in Congress or elsewhere, would for an instant suggest that such action could be taken except under one of three conditions. It would be necessary either: (*a*) that there be a mandate from the party leaders specifically calling for action by the committee favorable to the measure proposed by the National Monetary Commission; or (*b*) that there be absolute and perfect confidence on the part of the committee itself in the work of the National Monetary Commission both as a scientific and as a political matter; or (*c*) that there be so unmistakable and extensive a popular demand the country over in favor of this legislation or something closely akin to it as to make clear to the committee the political wisdom of taking the action desired. As a matter of fact, the leaders of the party have clearly understood among themselves that there was no harmony in their own ranks as to what should be done. They have not been convinced of the existence of a widespread popular demand for any action. They have consequently been disposed to suspend judgment, refrain from issuing orders, and leave the committee to act as it chose. With reference to the National Monetary Commission itself and the degree of confidence to be felt in its findings, there has been no doubt in the minds of Congressmen. Whether Republicans or Democrats, they have with one accord refused to believe in the work of the commission. There are several reasons for this attitude, partly psychological, partly political, and partly personal. The general distrust of former Senator Aldrich, the chairman of

the commission, which, whether merited or unmerited, was prevalent in Congress as well as out of it, accounts for a reluctance to act on the findings of the commission which has been characteristic of the present Congress. Rightly or wrongly, members of both parties have refused to take the report of the commission on trust, inasmuch as Mr. Aldrich was its head, independent of whether or not he had actually had much to do with the framing of its plan or not. Politically, it has been found that the so-called Bryan element in the party was still strong, and would resist anything calculated to render banking easier or more profitable. Politically again, the acceptance of the work of a commission organized under Republican auspices and dominated by members of the Republican party could hardly be thought of. Here again the question at issue was not one of statesmanship or of broad wisdom but of political advantage. There has been nothing to indicate that the acceptance of the plan of the National Monetary Commission would be wise from the selfish standpoint. Convinced that such was the case, and lacking conviction that the plan of the commission would wisely and satisfactorily dispose of existing difficulties, it is easy to see why members have taken no steps. There remains, therefore, only the question whether the public at large can or cannot be induced to express a definite opinion in favor of banking and currency legislation of a distinct kind, and can or cannot make this opinion effective with the leaders of Congress, with the Banking and Currency Committee, and, to some extent, with the rank and file. Whether this can be accomplished is a complex problem that deserves some detailed consideration.

V

At present the Banking and Currency Committee of the House of Representatives is composed not only of new members but it contains a large element of members who do not expect to return to Congress. The chairman of the committee has already announced his intention not to come back. Several other members, for one reason or another, probably will not reappear. Therefore the committee, made up as it is of human beings, is a body whose interest in securing legislation is decidedly

less active than it would be under some other conditions. Nor is the situation very much more hopeful in the Senate, although it is there decidedly different. There membership of the Finance Committee includes on the Republican side Boies Penrose of Pennsylvania, S. M. Cullom of Illinois, H. C. Lodge of Massachusetts, P. J. McCumber of North Dakota, Reed Smoot of Utah, J. H. Gallinger of New Hampshire, C. D. Clark of Wyoming, W. B. Heyburn of Idaho, and R. M. LaFollette of Wisconsin. On the Democratic side it includes J. W. Bailey of Texas, the ranking minority leader, F. M. Simmons of North Carolina, W. J. Stone of Missouri, J. F. Williams of Mississippi, J. W. Kern of Indiana, and C. F. Johnson of Maine. While none of these men, except Kern and Johnson, are figures of recent arrival in the Senate, very many of them are new figures in the Finance Committee. There are a few who survived the reorganization which followed the substitution of syndicate control of the Republican machine for the autocratic power of Nelson W. Aldrich. But even of these men, hardly any profess familiarity with banking questions or would be serviceable in drafting a bill. Senator Bailey of Texas, one of the older members, openly professes a belief in government issues of notes, and probably nothing much better can be expected of the Democrats associated with him. The bulk of the Republicans are either admittedly ignorant of the whole subject or inclined toward erroneous financial theories. A few are not committed to anything and are seeking to inform themselves, but even they are not particularly able to do so. While, however, the reasonable expectation would be that the Republican majority on the committee would simply indorse the main features of the National Monetary Commission plan, there are some reasons why this can hardly be done. Experience during the past two years has shown that the Senate is sharply under suspicion and that its membership is by no means so firmly seated in the saddle as was formerly the case. On the floor, at least three groups—conservative Republican, progressive Republican, and Democratic—have been formed, none of them possessing a majority; while a further tendency at times to break up still more into four groups, three of which are needed in order to secure

a majority on any contested question, has been observed. This means, therefore, that the leaders of the Finance Committee, even if they could succeed in favorably reporting a banking measure of the type referred to, would not do so unless they were guaranteed effective support for it on the floor. They have no such guaranty, but, on the contrary, can safely assure themselves that almost anything they do will be subject to intense criticism and will fail of success unless it can gain the support of at least two of the different groups among the members. The Finance Committee, therefore, is very nearly as likely to look for outside guidance as are the House leaders. Where can this guidance come from? Can it be supplied at all? Are the methods now being pursued in some quarters to that end likely to succeed? It was doubtless the recognition of the fact that a definite public opinion must be formed and expressed that has led to the creation of popular organizations designed to further the banking reform cause.

There has been no trouble, relatively speaking, in concentrating upon Congress much influence proceeding from the banking and business part of the community in favor of a plan of the general character of that proposed by the National Monetary Commission. Yet this has left Congress cold and untroubled. The reason is to be found in the fact that congressional support is largely drawn from the country districts. The number of members of the House who represent city constituencies is relatively small. In states where the primary system has become established, senators are far less subject to city influence than in the past. It is, therefore, necessary in every great measure of legislation to secure action which will certainly not offend country constituencies or which at all events will give them no ground for offense. The fact is that the country districts at present know and care little or nothing about the question of banking. It is nearly impossible to galvanize them into interest on the subject, and out of the question to educate them intelligently regarding it without long and persistent effort. If the plan of the National Monetary Commission were as authoritative as the Ten Commandments, and as true as the Christian religion itself, it could not be forced in a short time upon the rural voters of the country. What is true of that plan is true of every

other. But, while it is thus difficult to secure action compelling the adoption of this plan or of any like it, there is equal difficulty in stirring up an intelligent opposition to it or to any other. Why then should not members of Congress accept some modified form of the plan of the National Monetary Commission, backed as it is by a considerable amount of commercial and banking support? The reason is that in the present state of affairs such action would immediately be seized upon by political opponents as a basis for criticism. This would not so much matter, were it not that each party is divided within itself. Any member of either party who voted for a given plan would find his action attacked by his political rivals both within and without the organization. He could not endure the strain. His rivals would appeal to the latent feeling on the "trust" question, and to the openly avowed hostility to the "money trust" which prevails so generally throughout the country. He could not and would not endure the pressure to which he would thus be subjected, nor willingly suffer from the inevitably distorted interpretation of his action with reference to a peculiarly complex question. He would rather avoid taking any step whatever. This is the result of political human nature and of political necessity.

It is probably true that under existing conditions no measure of comprehensive scope can be passed by purely party action. It must be obtained by a union of leaders representing both of the principal political parties, determined to act upon the legislation in question for the sake of the benefit to be derived therefrom, and laying aside all preconceived prejudice in favor of or against any given program or plan. Nothing at the present time stands more in the way of the attainment of results than the persistent and determined hostility of those who have given their adherence to some given scheme of currency or banking reform. It is comparatively easy to indicate many roads by which the reform legislation can be obtained. Probably in this case, as in all others, nothing can be adopted that will be absolutely and completely satisfactory, or could be regarded as a final and rounded plan. But today, as throughout the whole experience of the past in banking legislation, the great obstacles to success are found: (1) in the

action of those who are persistently set upon the acceptance of a preconceived scheme of legislation, and (2) in the attitude of the machine leaders who, without knowing much about the subject, wait to hear from the country, hear nothing definite, and so remain inactive or adopt a measure conceived in their own ignorance. There is need of strong and moderate leadership, but even this will be unsuccessful unless it can unite behind it the sober elements in both old parties in support of some plan different from any thus far proposed, free of the elements which conspicuously call forth opposition, and providing straightforward simple remedies for existing evils—remedies capable of sincere and comprehensible defense before the public.

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